

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-09 IO-13 ISO-00 STR-04 AGR-10 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00 OMB-01

/128 W

----- 021567

R 170903Z AUG 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9035

INFO USMISSION GENEVA

US DEL MTN GENEVA

US MISSION OECD PARIS 783

UNCLAS MANILA 12414

E.O. 11652: N/A

TAGS: ETRD, GATT, RP

SUBJECT: HOST COUNTRY CONTROLS ON EXPORTS

REF: A. STATE 148224/1/2/3, B. 74 MANILA 1679, C. 74 MANILA  
1633, D. 75 MANILA 10682

1. EXPORT DECLARATION AND CALCULATION OF TAX. GOP COLLECTS  
EXPORT TARIFF AS ADDITIONAL SOURCE OF REVENUE TO FINANCE  
DEVELOPMENT PROJECTS, EXCEPT THAT 1 PERCENT ANNUALLY IS  
ALLOTTED FOR EXPORT PROMOTION PROJECTS. FOR PURPOSE OF  
MONITORING INFLOW OF FOREIGN EXCHANGE PROCEEDS FROM EXPORTS,  
GOVERNMENT REQUIRES ALL EXPORTERS TO SUBMIT AN EXPORT  
DECLARATION (NO EXPORT LICENSE IS REQUIRED) TO THE BUREAU  
OF CUSTOMS BEFORE SHIPMENT OF GOODS.

MORE THAN TWENTY LEADING EXPORT PRODUCTS ARE SUBJECT TO  
A BASIC DUTY RATE OF 4 PERCENT (ONLY EXCEPTION IS COPRA WHICH  
IS 6 PERCENT) COMPUTED ON THE CURRENT PRICE OF THE  
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COMMODITY (GROSS F.O.B. VALUE IN U.S. DOLLARS), AS

ESTABLISHED BY THE BUREAU OF CUSTOMS. RATE OF EXCHANGE  
USED IN CONVERTING PESOS VALUE TO DOLLAR VALUE IS THE  
FOREIGN EXCHANGE GUIDING RATE ESTABLISHED BY THE CENTRAL  
BANK FOR THE DAY THAT EXPORT DECLARATION IS MADE. THE  
DUTY IS ASSESSED BY THE BUREAU OF CUSTOMS AND COLLECTED  
BY THE BUREAU, THRU AUTHORIZED AGENT BANKS OF THE CENTRAL  
BANK NOT LATER THAN 30 DAYS FROM DATE OF SHIPMENT. THE  
COST FOR PACKAGING AND CRATING GOODS IS DEDUCTIBLE  
FROM THE EXPORT VALUE, PROVIDED THE GOODS ARE MANU-  
FACTURED LOCALLY USING A SUBSTANTIAL PORTION OF LOCAL RAW  
MATERIALS. AS REQUESTED REFTEL A, LISTED BELOW ARE PRODUCTS  
SUBJECT TO BASIC EXPORT TAX, WITH THEIR COMPLETE PRODUCT  
DESCRIPTION AND CORRESPONDING SITC CODE.

SITC CODE    PRODUCT

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031-03.01   SHRIMPS AND PRAWNS, CHILLED OR FROZEN

051-03.00   BANANAS AND PLANTAINS

053-01.05   PINEAPPLES, CHOICED, IN SYRUPS, IN AIRTIGHT CONTAINERS

053-04.05   PINEAPPLE JUICE

061-01.03   CENTRIFUGAL SUGAR

061-03.00   MOLASSES, INEDIBLE

081-03.04   COPRA OIL-CAKE OR MEAL

121-01.01

UP TO

121-01.29   LEAF TOBACCO, UNMANUFACTURED

121-01.32   TOBACCO SCRAP AND REFUSED

221-02.00   COPRA

265-05.08

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UP TO

265.05.99   ABACA

281.01.02   IRON CONCENTRATES, MAGNETITE

283-08.01   CHROMIUM ORE, LUMP ORE

283-08.02   CHROMIUM CONCENTRATE

313-03.01 GAS OIL (BUNKER FUEL)

412-07.01 COCONUT OIL, CRUDE

2. PREMIUM DUTY. IN ADDITION TO EXPORT TAX IMPOSED, PHILIPPINE BUREAU OF CUSTOMS COLLECTS: "PREMIUM" DUTY ON EIGHT OF THE COUNTRY'S PRINCIPAL EXPORT PRODUCTS. WINDFALL GAINS BY THESE INDUSTRIES, FOLLOWED BY INFLATIONARY EFFECTS IN THE MONEY SUPPLY, LED THE GOVERNMENT TO IMPOSE ADDITIONAL DUTY. ADDITIONAL TARIFF IS BASED ON THE DIFFERENCE BETWEEN THE CURRE PRICE FOR THE MONTH ESTABLISHED BY THE BUREAU OF CUSTOMS, AND THE BASE PRICE FOR THE COMMODITY, IF THE DIFFERENCE IS POSITIVE. FOLLOWING ARE PRODUCTS SUBJECT TO PREMIUM DUTY:

SITC CODE    PRODUCT

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052-01.05 COCONUT, DESSICATED OR SHREDDED

061-01.03 CENTRIFUGAL SUGAR

061-03.00 MOLASSES, INEDIBLE

081-03.04 COPRA OIL-CAKE OR MEAL

221-02.00 COVRA

281-01.02 IRON CONCENTRATES, MAGNETITE

283-08.01 CHROMIUM ORE, LUMP ORE

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283-08.02 CHROMIUM CONCENTRATE

412-07.01 COCONUT OIL, CRUDE

3. EXPORT QUOTA. TWO YEARS AGO, GOP RECEIVED WARNING FROM UN ABOUT RECKLESS CUTTING OF PHILIPPINE FORESTS, ITS DESTRUCTION BEING ONE OF HIGHEST IN THE WORLD. DEFORESTATION RATE HAS BEEN ESTIMATED AT 140,000 HECTARES A YEAR, WHILE REFORESTATION BADLY LAGS BEHIND AT 20,000 HECTARES A YEAR. AS A RESULT OF THIS CONCERN ABOUT RAPIDLY DWINDLING FORESTS (DESPITE FOREIGN EXCHANGE TIMBER GENERATED AS COUNTRY'S TOP DOLLAR EARNER FROM 1969 TO 1973) GOP DECIDED PARTIAL BAN ON LOG EXPORTS. TOTAL BAN WAS TO TAKE EFFECT AS OF JANUARY 1976, BUT ADVERSE EFFECT ON THE COUNTRY'S BOP AND EMPLOYMENT PERSUADED GOVERNMENT TO ALLOW EXPORTS UP TO 25

PERCENT OF TIMBER WHICH GOP ALLOWS CUT EACH YEAR. EXPORT ALLOCATION FOR THIS YEAR COMES TO 1,114,156 CUBIC METERS.

4. STATE MONOPOLIES. THE PHILIPPINE EXCHANGE COMPANY, A SUBSIDIARY OF THE PHILIPPINE NATIONAL BANK (PNB), CONTINUES TO HAVE EXCLUSIVE CONTROL OVER EXPORTATION OF CENTRIFUGAL SUGAR. PLANTER, UPON SUBMISSION OF HARVESTED CANE TO SUGAR CENTRAL FOR MILLING, IS ISSUED A WAREHOUSE RECEIPT FROM THE PHILIPPINE EXCHANGE. THE RECEIPT SHOWS ESTIMATED AMOUNT SUGAR YIELD BASED ON A LABORATORY ASSAY PERFORMED BY THE MILLER. THE RECEIPT MAY BE SURRENDERED TO THE PNB FOR PAYMENT.

5. OTHER EXPORT CONTROLS. THERE ARE NO RESTRICTIONS ON REGIONAL EXPORTS, AND THERE WAS NO REPORTED EMBARGO. GOP HAS NO CONTRACT OBLIGATION WITH ANY MULTINATIONAL CORPORATION TO CONTROL EXPORTS.

6. EMBASSY WILL SEND FOLLOW-UP AIRGRAM SUPPLEMENTING INFORMATION REQUESTED PARA 3(A) REFTEL (A).

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORTS, TRADE CONTROLS, TARIFFS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 17 AUG 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 STATE 148224, 74 MANILA 1679, 74 MANILA 19  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 APR 2004 by ReddocGW>; APPROVED <03 JAN 2005 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** HOST COUNTRY CONTROLS ON EXPORTS  
**TAGS:** ETRD, RP, GATT  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006